

When Health Coverage Is Decided by the Calendar

By MICHELLE ANDREWS

Few people have health insurance all the time. They leave their jobs and employer-sponsored plans, gambling that they won't be in an accident or get another job that has a group plan. Once secure in new positions, they may think their insurance worries are over. But it's not necessarily the case. A gap in coverage, even for just a few months, could leave people responsible for certain medical bills for up to a year.

Blame the Health Insurance Portability and Accountability Act of 1996, known as Hipaa, a law that was intended to protect people when they switched plans. The law safeguards coverage for pre-existing medical conditions after a worker joins an employer's group health plan — as long as there has been no significant break in coverage. (Any period of more than 62 days is considered significant under Hipaa.) With the economy still in turmoil and jobs harder to find, more people are failing to make this seamless transition. Many cannot afford to extend health insurance under the federal law known as Cobra, which lets workers continue policies for up to 18 months if they pay the full premiums. (If they keep previous insurance through Cobra, that's not considered a break in coverage.)

"We're clearly seeing more gaps in coverage," said Ron Pollack, executive director of Families USA, a consumer health care advocacy group in Washington. "I believe we're going to see considerably more of them in the future."

When Chip East, 31, of Jersey City left his job as a newspaper photographer in Fayetteville, N.C., four years ago to try his hand at freelancing, he didn't expect to be without health insurance for long. But the policies he found were more than he could afford, and Mr. East is still uninsured.

Last year, in addition to picking up a nasty intestinal parasite and being shot in the leg while on assignment in Israel, Mr. East was found to have skin cancer and had to have two surgeries. Although he plans to sign on with his future wife's group plan after he marries in March, his troubles may not be over. If his intestinal problems or skin cancer recur, he may not be covered for those conditions for up to a year because the break in coverage has been more than 62 days.

About a third of workers are covered by plans with pre-existing-condition exclusions, including 43 percent of workers in preferred-provider organizations, according to the 2002 Employer Health Benefits Survey by the Kaiser Family Foundation.

Signing up for a short-term medical policy while between jobs can avoid a break in coverage. Fortis Health, based in Milwaukee, says sales of these policies, which typically last one to six months, have grown 160 percent in the last five years. But these plans don't cover pre-existing conditions. "They're good for healthy people," said Kristin Seigworth, a company spokeswoman.

Once someone has a new job, Hipaa loopholes may still be a problem. If an employer bought insurance through an association — one in four employers buys health coverage this way, as do many freelancers and small-business owners — an employee may not have the same protections as under regular group coverage.

"Associations label these plans 'group coverage' to make people think they're getting the protections they would have if they got coverage through an employer group plan," said Mila Kofman, an assistant research professor at the Institute for Health Care Research and Policy at Georgetown. "Consumers need to understand that's not the case."

When Michael Opelski, 38, of Norristown, Pa., started a new job as a sales representative for a home hardware manufacturer in the summer of 2000, he took the Golden Rule group plan offered by his employer. To get Golden Rule coverage, however, he first had to become a member of an association called the Federation of American Consumers and Travelers. Mr. Opelski said he hadn't given it a thought. But when his wife, Jean, became sick with inflammatory breast cancer, he learned how restricted his coverage was. Because Mrs. Opelski had discussed finding a lump in her breast with her doctor before joining the plan, Mr. Opelski said, Golden Rule refused to pay for her breast cancer treatments. It was a pre-existing condition, he said he had been told. Golden Rule, based in Lawrenceville, Ill., declined to comment on the case, citing confidentiality.

If the couple had been covered by a regular employer group plan, Mrs. Opelski's breast cancer would probably have been covered under Hipaa. But their plan was something that Golden Rule calls an association group policy.

IN Pennsylvania, Golden Rule treats these plans as if they were individual policies for the purposes of regulation, said Michael Corne, a vice president at Golden Rule. Unfortunately for the Opelskis, individual policies don't generally afford the same level of pre-existing-condition protection as employers' group plans do.

Through the Patient Advocate Foundation in Newport News, Va., the Opelskis found a hospital that continued to treat Mrs. Opelski at no charge. She died in January at the age of 34. "We were just caught in the middle, and nobody really cared," Mr. Opelski said.

Is anyone calling for any revisions to Hipaa to close these loopholes on pre-existing conditions? If anything, political momentum is moving in the opposite direction — toward less comprehensive coverage and fewer safeguards and protections. Coverage gaps may be among the least of our worries